

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Brulte and Lockyer Analyst: Jeani Brent Bill Number: SB 1397

Related Bills: See Prior Analysis Telephone: 845-3410 Amended Date: 05/21/98

Attorney: Doug Bramhall

Sponsor:

SUBJECT: Exclusion/Amounts Received By Victims or Heirs of Holocaust Victims/Claim Settlements

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSES OF BILL AS INTRODUCED January 12, 1998, AND AS AMENDED April 22, 1998, STILL APPLY.

OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law, this bill would exclude from gross income any amounts received by a Holocaust victim or the heir or beneficiary of a Holocaust victim from a settlement of claims against any entity or individual for any recovered asset held at the close of World War II.

SUMMARY OF AMENDMENT

The May 21, 1998, amendment revised the bill to extend the exclusion to claims against any entity or individual, instead of only claims against a Swiss bank. The amendment also would provide that a "recovered asset" includes assets held during 1945, instead of only those held after 1945. Finally, the amendment restructured the bill by moving the criteria regarding the basis of property received pursuant to the German Act Regulating Unresolved Property Claims.

Except for the revenue estimate, the remainder of the department's analyses of the bill as introduced January 12, 1998, and as amended April 22, 1998, still apply. The following technical consideration still applies and is included below for convenience.

Technical Consideration

For clarification, the terms "heir" and "beneficiary" should be defined. The California Probate Code provides definitions for heir (Section 44) and beneficiary (Section 24), which includes heirs (intestate) and devisees (testate). These definitions could be incorporated by reference to the appropriate Probate Code section.

Board Position:

<input checked="" type="checkbox"/> X	S	_____	NA	_____	NP
_____	SA	_____	O	_____	NAR
_____	N	_____	OUA	_____	PENDING

Department/Legislative Director

Date

Johnnie Lou Rosas

6/17/98

Tax Revenue Estimate

The May 21, 1998, amended bill differs from the bill as amended April 22, 1998, by increasing the number of claims that could result from expanding the bill to apply to claims against any entity or individual instead of only claims against Swiss banks and including assets held during 1945. As a result, the number of potential claims under the May 21, 1998, amended bill would be greater than the number of potential claims under the April 22, 1998, amended bill. However, neither the number of qualified claims that may result nor the amount of settlements received by California residents is known at this time. As a rule of thumb, for every \$1 million of income exempted from tax during the year, the revenue losses would be on the order of \$80,000.